

2. 360networks is the direct wholly-owned subsidiary of 360networks Holdings, Inc. ("Holdings"). Holdings, in turn, is a majority-owned subsidiary of 360networks Corporation ("360 Corp."). 360 Corp. is a wholly-owned subsidiary of 360networks, Inc. Petition at Exhibits A and B.

3. Pursuant to the proposed financial restructuring, more than 250 entities will obtain, in the aggregate, approximately 92.5% of the ownership interest in 360networks, Inc. As a result of the transaction, 360 Corp. will become the new ultimate parent corporation of the Petitioner. Petitioner would continue to operate in Vermont as an indirect wholly-owned subsidiary of 360 Corp. Petition at 1-2 and Exhibits A and B.

4. The proposed transaction will not result in any changes to the rates or service offerings of Petitioner. Accordingly, the transaction will be transparent to Petitioner's customers. Petition at 2-3.

5. Completion of the proposed transaction will serve the public interest in that it will strengthen the financial and competitive position of Petitioner. This should in turn enable Petitioner to provide improved service offerings at increasingly competitive terms and conditions. Petition at 3.

III. CONCLUSIONS OF LAW AND DISCUSSION

The proposed transaction requires Board approval under 30 V.S.A. § 107, which applies to a direct or indirect acquisition of a controlling interest in a Vermont utility.¹ Under Section 107, a "controlling interest" is defined as 10% or more of the outstanding voting securities of a company. Section 107 requires a finding that the transfer of control will promote the public good. This standard is met in this case. The proposed transaction will promote the public good, because the indirect transfer of control of 360networks will allow it to achieve greater operating efficiencies, thus allowing the company to operate in a more flexible manner. In the competitive arena of telecommunications, the overall effect of this transfer may promote more customer choice in terms of services, with stronger competitors in the Vermont telecommunications market. It should also be noted that the transfer of control will not have an adverse impact on Vermont consumers as 360networks will continue to operate according to their present authority.

For all of the above reasons, the proposed indirect transfer of control of 360networks should be approved.

1. Approval under 30 V.S.A. §§ 231 and 311 is not required because the current holders of the Certificate of Public Good will continue to be the entities providing telecommunications service in Vermont.

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The indirect transfer of control of 360networks (USA), Inc. is approved.
2. Petitioner shall file a letter notifying the Board of the completion of the transaction within one week of such completion.

DATED at Montpelier, Vermont, this 5th day of December, 2002.

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| <u>s/Michael H. Dworkin</u> |) | |
| |) | PUBLIC SERVICE |
| |) | |
| <u>s/David C. Coen</u> |) | BOARD |
| |) | |
| |) | OF VERMONT |
| <u>s/John D. Burke</u> |) | |

OFFICE OF THE CLERK

Filed: December 5, 2002

Attest: s/Judith C. Whitney
Deputy Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us.

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.